

AMENDED IN ASSEMBLY MAY 8, 2001

AMENDED IN ASSEMBLY APRIL 4, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1198**

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**Introduced by Assembly Member Matthews**

(Principal coauthor: Senator Ortiz)

**(Coauthors: Assembly Members Ashburn, Briggs, Diaz, Dickerson, Hollingsworth, Robert Pacheco, Richman, Runner, Strickland, and Wyman)**

(Coauthors: Senators Chesbro, Costa, Machado, and Monteith)

February 23, 2001

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An act to amend Section 6353 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1198, as amended, Matthews. Sales and use and utility user taxes: liquefied petroleum gas.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for gas, electricity, and water, including steam and geothermal steam, brines, and heat, when delivered to consumers, as specified.

This bill would additionally exempt liquefied petroleum gas, delivered to a qualified residence, as defined, by the seller, that is sold for household use in the qualified residence.

Existing law authorizes local agencies to impose utility user taxes within all or part of their jurisdictions.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares the
- 2 following:
- 3 (a) State law exempts basic necessities, such as the sale of
- 4 water, groceries, electricity, and natural gas used for home heating
- 5 that is delivered through mains, lines, or pipes.
- 6 (b) While current law prohibits sales and use taxes on almost
- 7 all home heating fuels, rural customers living beyond the service
- 8 areas of mains, lines, and pipes must pay a sales tax on the purchase
- 9 of their home heating fuel.
- 10 (c) Senior citizens, persons of low income, and farming
- 11 communities are the most affected by the sales tax on propane.
- 12 (d) Conforming sales tax policy on the sale of liquefied
- 13 petroleum gas with the policies regulating the taxation of
- 14 electricity, natural gas, and other piped fuel for domestic home
- 15 heating is fair and equitable for consumers and will provide
- 16 valuable tax relief to rural and low-income consumers.
- 17 SEC. 2. Section 6353 of the Revenue and Taxation Code is
- 18 amended to read:
- 19 6353. There are exempted from the taxes imposed by this part
- 20 the gross receipts derived from the sales, furnishing, or service of



1 and the storage, use, or other consumption in this state of, all of the  
2 following:

3 (a) Gas, electricity, and water, including steam and geothermal  
4 steam, brines, and heat, when delivered to consumers through  
5 mains, lines, or pipes.

6 (b) Liquefied petroleum gas, delivered to a qualified residence  
7 by the seller, that is sold for household use in the qualified  
8 residence. For purposes of this subdivision, “qualified residence”  
9 means a *primary* residence, not serviced by gas mains and pipes,  
10 ~~with a tank~~ *provided the liquefied petroleum gas is delivered into*  
11 *a tank with a storage capacity for liquefied petroleum gas that is*  
12 *equal to or greater than 30 gallons. This subdivision may not be*  
13 *construed to provide any exemption from any tax levied by a city,*  
14 *county, or city and county pursuant to Section 7284.3, or any*  
15 *successor to that section.*

16 (c) Water, when sold to an individual in bulk quantities of 50  
17 gallons or more, for general household use in his or her residence  
18 if the residence is located in an area not serviced by mains, lines,  
19 or pipes.

20 (d) Exhaust steam, waste steam, heat, or resultant energy,  
21 produced in connection with cogeneration technology, as defined  
22 in Section 25134 of the Public Resources Code.

23 SEC. 3. Notwithstanding Section 2230 of the Revenue and  
24 Taxation Code, no appropriation is made by this act and the state  
25 shall not reimburse any local agency for any sales and use tax  
26 revenues lost by it under this act.

27 SEC. 4. This act provides for a tax levy within the meaning of  
28 Article IV of the Constitution and shall go into immediate effect.  
29 However, the provisions of this act shall become operative on the  
30 first day of the first calendar quarter commencing more than 90  
31 days after the effective date of this act.